

M/035/011

Kennecott  
Utah Copper  
P.O. Box 525  
Bingham Canyon, Utah 84006-0525  
(801) 569-6506

**Frederick D. Fox**  
Director, Environmental Affairs

**Kennecott**

January 12, 1993

RECEIVED

JAN 12 1993

DIVISION OF  
OIL GAS & MINING

Mr. Wayne Hedberg, Permit Supervisor  
State of Utah Department of Natural Resources  
Division of Oil, Gas, and Mining  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, UT 84180-1203

Subject: Revised Reclamation Contract and Bonding - UCD  
Modernization, M/035/011

Dear Mr. Hedberg:

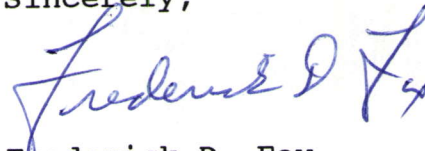
Attached are revised pages 2 and 9 (Attachment "A") of the Reclamation Contract (Form MR-RC), revised page 5 (Attachment 1) of the Surety Bond (Form MR-5) and a Surety Rider to Bond No. 5728774 that increases the total amount of the bond for the UCD Modernization Project to \$8,980,000. Please insert these revised pages in the original Reclamation Contract received at your office on September 15, 1992. The Surety Rider with Power of Attorney is not dated or signed at this time. Once the form and amount have been approved SAFECO will affix the correct effective date and sign the Surety Rider. If the 'effective date' is known, this step can be accomplished prior to the regular DOGM Board meeting on the 27th of January, 1993. Also attached is the requested map which shows the relationship of areas disturbed due to mining related activity, Kennecott Utah Copper (KUC) Property Boundaries, a representation of lands described on Attachment "A", and the permit boundary as detailed in the original permit and subsequent revisions. The attached information should address the changes you have identified related to incomplete sections and the escalation of the bond to 1998 dollars.



KUC understands the Division's preference to minimize recordkeeping and agrees in principle with the concept of a single reclamation surety for the UCD Modernization Project. However, since costs can vary substantially depending upon the type of surety used, KUC is reevaluating the original bonding estimates. Our intention is to recalculate the surety estimates using currently available software. Once this exercise is completed and the bonding can be reviewed we will be in a better position to determine whether a single bond will be more or less advantageous to KUC.

KUC would like to suggest the 3rd of February, 1993 at 10:00 A.M. as a possible time to meet and discuss mine permitting issues. Please respond if this date and time are suitable or with an alternate date if necessary. Call me at 569-6555 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frederick D. Fox", with a stylized flourish at the end.

Frederick D. Fox  
Director, Environmental Affairs

DD:dmd

Attachments

cc: Ms Joelle Burns, Minerals Secretary, DOGM w/att.



"OPERATOR'S REGISTERED AGENT":

(Name)

Roderick K. Davey  
Vice President, General Manager  
Kennecott Utah Copper  
P. O. Box 525  
Bingham Canyon, UT 84006-0525  
(801)-569-6000

(Address)

(Phone)

"OPERATOR'S OFFICER(S)":

Same

"SURETY":

(Form of Surety - Exhibit B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Safeco Insurance Company of America  
Bond No. 6

"SURETY AMOUNT":

(Escalated Dollars)

\$8,980,000

"ESCALATION YEAR":

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

1/27/93      \_\_\_\_\_      \_\_\_\_\_

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Kennecott Utah Copper Corporation**, the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **M/035/011**, which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

## ATTACHMENT "A"

**Kennecott Utah Copper  
Operator**

**Mine Name**

**M/035/011  
Permit Number**

**Copperton Concentrator Modernization  
Project**

**The legal description of lands to be reclaimed is:**

Portions of the

SW 1/4 Section 19; W 1/2 Section 30; Section 21; T1S, R2W.

S 1/2 NE 1/4 Section 23; S 1/2 Section 24; Section 25; NE 1/4, NW 1/4, and SE 1/4 Section 36; T1S, R3W.

E 1/2 Section 6; E 1/2 E 1/2 Section 7; W 1/2 NW 1/4 and SW 1/4 Section 8; SW 1/4 and W 1/2 SE 1/4 Section 16; NW 1/4, SW 1/4, and SE 1/4 Section 17; E 1/2 W 1/2 and W 1/2 E 1/2 Section 21; NW 1/4 Section 28; Section 29, Section 32; T2S, R2W.

Section 5; E 1/2 NE 1/4 and SE 1/4 Section 6; NE 1/4, SE 1/4 NW 1/4, SW 1/4, and SE 1/4 Section 7; NW 1/4 NW 1/4 and E 1/2 Section 8; T3S, R2W.

**Salt Lake Base and Meridian, Salt Lake County, Utah.**

**ATTACHMENT "1"**

Kennecott Utah Copper Corporation  
Operator

Copperton Concentrator Modernization  
Project - Bingham Canyon Mine  
Mine Name

M/035/011  
Permit Number

Salt Lake County, Utah

**The legal description of lands to be reclaimed is:**

Portions of the

SW 1/4 Section 19; W 1/2 Section 30; Section 21; T1S, R2W.

S 1/2 NE 1/4 Section 23; S 1/2 Section 24; Section 25; NE 1/4, NW 1/4, and SE 1/4 Section 36; T1S, R3W.

E 1/2 Section 6; E 1/2 E 1/2 Section 7; W 1/2 NW 1/4 and SW 1/4 Section 8; SW 1/4 and W 1/2 SE 1/4 Section 16; NW 1/4, SW 1/4, and SE 1/4 Section 17; E 1/2 W 1/2 and W 1/2 E 1/2 Section 21; NW 1/4 Section 28; Section 29, Section 32; T2S, R2W.

Section 5; E 1/2 NE 1/4 and SE 1/4 Section 6; NE 1/4, SE 1/4 NW 1/4, SW 1/4, and SE 1/4 Section 7; NW 1/4 NW 1/4 and E 1/2 Section 8; T3S, R2W.

**Salt Lake Base and Meridian, Salt Lake County, Utah.**



SURETY RIDER

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
FIRST NATIONAL INSURANCE COMPANY  
OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

To be attached to and form a part of

Bond No. \_\_\_\_\_

Type of

Bond: RECLAMATION BOND FOR BINGHAM CANYON MINE

dated  
effective

(MONTH-DAY-YEAR)

executed by KENNECOTT UTAH COPPER CORPORATION  
(PRINCIPAL)

,as Principal,

and by SAFECO INSURANCE COMPANY OF AMERICA

,as Surety,

in favor of STATE OF UTAH, DIVISION OF OIL, GAS AND MINING  
(OBLIGEE)

in consideration of the mutual agreements herein contained the Principal and the Surety hereby consent to changing

BOND AMOUNT

FROM: \$8,263,990

TO: \$8,980,000

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

This rider  
is effective

(MONTH-DAY-YEAR)

Signed and Sealed \_\_\_\_\_

(MONTH-DAY-YEAR)

(PRINCIPAL)

By: \_\_\_\_\_

(PRINCIPAL)

SAFECO INSURANCE COMPANY OF AMERICA

By: *David Rye*

(ATTORNEY-IN-FACT)



POWER  
OF ATTORNEY.

SAFECO INSURANCE COMPANY OF AMERICA  
GENERAL INSURANCE COMPANY OF AMERICA  
HOME OFFICE: SAFECO PLAZA  
SEATTLE, WASHINGTON 98185

No. \_\_\_\_\_

KNOW ALL BY THESE PRESENTS:

That **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA**, each a Washington corporation, does each hereby appoint

-----INGRID NYE-----

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, **SAFECO INSURANCE COMPANY OF AMERICA** and **GENERAL INSURANCE COMPANY OF AMERICA** have each executed and attested these presents

this 29th day of June, 1987.

CERTIFICATE

Extract from the By-Laws of **SAFECO INSURANCE COMPANY OF AMERICA**  
and of **GENERAL INSURANCE COMPANY OF AMERICA**:

"Article V, Section 13. — FIDELITY AND SURETY BONDS . . . the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business . . . On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of **SAFECO INSURANCE COMPANY OF AMERICA**  
and of **GENERAL INSURANCE COMPANY OF AMERICA** adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

- (i) The provisions of Article V, Section 13 of the By-Laws, and
- (ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
- (iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Boh A. Dickey, Secretary of **SAFECO INSURANCE COMPANY OF AMERICA** and of **GENERAL INSURANCE COMPANY OF AMERICA**, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.